

Forest Traffic Signals Limited

Report & Accounts

31 JULY 1997

No. 01664145

 ERNST & YOUNG



Forest Traffic Signals Limited

Registered No. 01664145

DIRECTORS

M J Williams (Chairman)
A R Williams

SECRETARY

S C Harry

AUDITORS

Ernst & Young
Southgate House
Wood Street
Cardiff

BANKERS

National Westminster Bank
PO Box 44
96 Queen Street
Cardiff

SOLICITORS

Edwards Geldard
Dumfries House
Dumfries Place
Cardiff

REGISTERED OFFICE

Albany Street
Newport
Gwent

Forest Traffic Signals Limited

DIRECTORS' REPORT

The directors present their annual report and accounts for the year ended 31 July 1997.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £114,287 (1996: £9,076), from which no dividend (1996: £nil) has been paid. A dividend of £396,565 is proposed.

PRINCIPAL ACTIVITY

The principal activity of the company is the installation and hire of traffic signals and plant.

FIXED ASSETS

Movements in fixed assets are detailed in note 8 to the accounts.

DIRECTORS


The directors who served during the year and their interests in the share capital of the company at its end were as follows:

	<i>At 31 July 1997 Ordinary shares</i>	<i>At 1 August 1996 Ordinary shares</i>
M J Williams	-	-
G Charles (resigned 4 March 1997)	-	-
A R Williams	-	-
D G Abbott (resigned 4 March 1997)	-	-

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board.


Secretary *DIRECTOR*.

21/5/1998

Forest Traffic Signals Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES in respect of the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Forest Traffic Signals Limited

We have audited the accounts on pages 6 to 12, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

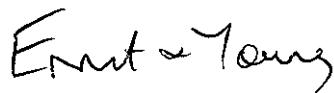
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 July 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Cardiff

21 MAY 1998

Forest Traffic Signals Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 July 1997

	<i>Note</i>	<i>1997</i> £	<i>1996</i> £
TURNOVER	2	807,589	1,048,618
Cost of sales		156,263	263,455
GROSS PROFIT		<u>651,326</u>	<u>785,163</u>
Administrative expenses		496,383	771,010
OPERATING PROFIT		<u>154,943</u>	<u>14,153</u>
Interest receivable		715	1,123
Interest payable	6	(37,609)	(25,642)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>118,049</u>	<u>(10,366)</u>
Tax on profit on ordinary activities	7	(3,762)	19,442
PROFIT FOR THE FINANCIAL YEAR		<u>114,287</u>	<u>9,076</u>
Dividend proposed		396,565	-
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL YEAR		<u>(282,278)</u>	<u>9,076</u>

There are no recognised gains or losses other than the profit or loss for the period.

Movements on reserves are detailed in note 14 to the accounts.

Forest Traffic Signals Limited

BALANCE SHEET

at 31 July 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	8	310,425	465,978
CURRENT ASSETS			
Stock	9	18,000	18,000
Debtors	10	588,837	336,204
Cash at bank and in hand		10,616	20,146
		<u>617,453</u>	<u>374,350</u>
CREDITORS: amounts falling due within one year	11	860,291	470,434
		<u>(242,838)</u>	<u>(96,084)</u>
NET CURRENT (LIABILITIES)			
TOTAL ASSETS LESS CURRENT LIABILITIES		67,587	369,894
CREDITORS: amounts falling due after more than one year			
Obligations under hire purchase contracts	12	10,317	30,346
		<u>57,270</u>	<u>339,548</u>
NET ASSETS		<u><u>57,270</u></u>	<u><u>339,548</u></u>
CAPITAL AND RESERVES			
Share capital	13	688	688
Profit and loss account	14	56,582	338,860
		<u>57,270</u>	<u>339,548</u>

 Director

21st May 1998 Date

NOTES TO THE ACCOUNTS

at 31 July 1997

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

Motor vehicles:	25% per annum
Office equipment:	15% per annum
Computer equipment:	20% per annum
Plant and machinery:	14% - 50% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided using the liability method of all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The corresponding lease or hire purchase obligation is capitalised in the balance sheet as a liability. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rental paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 TURNOVER

Turnover, which is stated net of value added tax and is all in respect of continuing activities, represents amounts invoiced to third parties.

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS

at 31 July 1997

3 OPERATING PROFIT

This is stated after charging/(crediting):

	1997 £	1996 £
Profit on sale of fixed assets	(20,418)	(36,373)
Depreciation of owned fixed assets	155,578	158,035
Depreciation of assets held under hire purchase contracts	10,756	22,153
Operating lease rentals	47,865	47,485
Auditors' remuneration	4,000	9,925
	<u> </u>	<u> </u>

4 DIRECTORS' EMOLUMENTS

	1997 £	1996 £
Fees	-	-
Other emoluments (including pension contributions)	29,278	149,961
	<u>29,278</u>	<u>149,961</u>

Directors' emoluments, excluding pension contributions, fell within the following ranges:-

£Nil - £5,000	3	-
£10,001 - £15,000	-	-
£25,001 - £30,000	1	2
£40,001 - £45,000	-	1
£45,001 - £50,000	-	1

The emoluments, excluding pension contributions, of the chairman were £nil (1996: £48,502). Those of the highest paid director were £28,028 (1996: £48,502).

5 STAFF COSTS

	1997 £	1996 £
Wages and salaries	265,518	435,927
Social security costs	26,714	40,528
Other pension costs	6,414	16,420
	<u>298,646</u>	<u>492,875</u>

The average weekly number of employees during the year was made up as follows:

	1997 No	1996 No
Management	2	6
Administration	4	4
Production	10	8
	<u>16</u>	<u>18</u>

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS at 31 July 1997

6 INTEREST PAYABLE

	1997 £	1996 £
Finance charges payable under hire purchase contracts	6,940	18,362
Other loans	8,000	7,280
Interest on overdue taxation	22,669	-
	<u>37,609</u>	<u>25,642</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Based on the profit for the year:		
Corporation tax at 25%	7,500	(11,000)
Prior year adjustment	(3,738)	(8,442)
	<u>3,762</u>	<u>(19,442)</u>

8 TANGIBLE FIXED ASSETS

	<i>Motor vehicles</i> £	<i>Plant and machinery</i> £	<i>Office equipment</i> £	<i>Total</i> £
Cost or valuation:				
At 1 August 1996	18,150	1,221,910	16,265	1,256,325
Additions	9,728	42,240	1,276	53,244
Disposals	(18,150)	(219,831)	(1,658)	(239,639)
At 31 July 1997	<u>9,728</u>	<u>1,044,319</u>	<u>15,883</u>	<u>1,069,930</u>
Depreciation:				
At 1 August 1996	9,295	768,297	12,755	790,347
Provided during the year	4,109	160,234	1,991	166,334
Disposals	(11,378)	(185,062)	(736)	(197,176)
At 31 July 1997	<u>2,026</u>	<u>743,469</u>	<u>14,010</u>	<u>759,505</u>
Net book value:				
At 31 July 1997	<u>7,702</u>	<u>300,850</u>	<u>1,873</u>	<u>310,425</u>
At 1 August 1996	<u>8,855</u>	<u>453,613</u>	<u>3,510</u>	<u>465,978</u>

The net book value of motor vehicles above includes an amount of £7,702 (1996: £8,835) in respect of assets held under hire purchase contracts and plant and machinery of £51,605 (1996: £131,547).

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS

at 31 July 1997

9	STOCKS	<i>1997</i> £	<i>1996</i> £
	Consumables and spares	18,000	18,000
		<u>18,000</u>	<u>18,000</u>
10	DEBTORS	<i>1997</i> £	<i>1996</i> £
	Trade debtors	232,835	198,747
	Advance corporation tax recoverable	103,750	103,750
	Prepayments and accrued income	16,649	27,170
	Other debtors	3,616	6,537
	Amount due from parent undertaking	231,987	-
		<u>588,837</u>	<u>336,204</u>
		<u>588,837</u>	<u>336,204</u>
11	CREDITORS: amounts falling due within one year	<i>1997</i> £	<i>1996</i> £
	Trade creditors	89,480	148,045
	Corporation tax	84,920	82,558
	Obligations under finance leases and hire purchase contracts (note 12)	23,453	32,381
	Other taxes and social security costs	158,900	53,273
	Amounts owed to parent undertaking	-	37,206
	Advance corporation tax payable	56,667	95,104
	Other creditors	3,214	1,531
	Accruals	47,092	20,336
	Amount due from parent undertaking	396,565	-
		<u>860,291</u>	<u>470,434</u>
		<u>860,291</u>	<u>470,434</u>

The company has given a cross bank guarantee to secure the borrowings of its ultimate parent undertaking, Crestacre Traffic Management Limited, and those of its related undertakings PAB Holdings Limited and Bridge Hire Services Limited.

The company has also granted 3i Plc a fixed and floating charge to secure the debts of its ultimate parent undertaking.

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS

at 31 July 1997

12 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	1997 £	1996 £
Amounts payable:		
Within one year	27,471	37,870
Within two to five years	12,069	35,712
	<u>39,540</u>	<u>73,582</u>
Interest relating to future periods	(5,770)	(10,855)
	<u>33,770</u>	<u>62,727</u>
	<u>1997</u> £	<u>1996</u> £
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations	23,453	32,381
Non current obligations	10,317	30,346
	<u>33,770</u>	<u>62,727</u>

13 SHARE CAPITAL

	1997	1996
Authorised		
Ordinary shares of £1 each	700	700
	<u>700</u>	<u>700</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	688	688
	<u>688</u>	<u>688</u>

14 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i> £	<i>Revaluation reserve</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 May 1995	688	25,658	304,126	330,472
Profit for the period	-	-	9,076	9,076
Transfer of amount equivalent to additional depreciation of revalued fixed assets	-	(25,658)	25,658	-
	<u>688</u>	<u>-</u>	<u>338,860</u>	<u>339,548</u>
At 31 July 1996	688	-	338,860	339,548
Profit for the year	-	-	114,287	114,287
Dividend proposed	-	-	(396,565)	(396,565)
	<u>688</u>	<u>-</u>	<u>56,582</u>	<u>57,270</u>

15 CAPITAL COMMITMENTS

The company had no capital commitments at the end of the period (1996: £nil).

16 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Crestacre Traffic Management Limited.